

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6496

BILL NUMBER: SB 95

DATE PREPARED: Nov 30, 2000

BILL AMENDED:

SUBJECT: Local Unit Participation in PERF.

FISCAL ANALYST: James Sperlik

PHONE NUMBER: 232-9866

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill authorizes a political subdivision that is not a participant in the Public Employees' Retirement Fund (PERF) to provide, outside PERF, a system of retirement, disability, and survivor benefits for the public employees of the political subdivision.

Effective Date: July 1, 2001.

Explanation of State Expenditures: This bill potentially reduces the number of participating units in PERF by providing an option to those units who opt out of PERF and create their own retirement system. The specific fiscal impact will depend upon the number of such units. Over the last ten years, 17 units have opted out of PERF. The fund affected for PERF is the Investment Earnings Fund.

Explanation of State Revenues:

Explanation of Local Expenditures: This proposal removes the date (January 1, 1995) before which a political subdivision must have established and begun providing retirement, disability, and survivor benefits to employees of political subdivisions that are not participants in the Public Employees' Retirement Fund (PERF). For those political subdivisions who opt to participate in deferred compensation plans, the fiscal impact will depend upon the adoption by a political subdivision of a deferred compensation plan and the contribution levels established.

For those units who are currently members of PERF and who choose to opt out of PERF, there is a two year opt out provision requiring the withdrawing entity to ensure the solvency of the fund, along with other requirements.

Explanation of Local Revenues:

State Agencies Affected: PERF.

Local Agencies Affected: Those political subdivisions who opt to participate in the newly allowed system.

Information Sources: